



Australian
Competition &
Consumer
Commission

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NEWS RELEASE

ACCC CONDITIONALLY REAUTHORISES VIRGIN AND AIR NEW ZEALAND TRANS-TASMAN ALLIANCE

The Australian Competition and Consumer Commission has issued a final determination granting conditional authorisation until 31 October 2018 for Virgin Australia and Air New Zealand Limited to continue their trans-Tasman alliance. Authorisation is to commence on 1 January 2014, following the expiration of the existing authorisation.

“The ACCC considers that the alliance is likely to result in material public benefits by partnering Virgin Australia’s domestic Australian network and sales presence with Air New Zealand’s domestic New Zealand network and sales presence to contribute to the formation of a second integrated Australasian network,” ACCC Commissioner Dr Jill Walker said.

“The alliance will allow the two airlines to offer enhanced products and services, such as new frequencies and increased access to loyalty program benefits and lounges. This is likely to promote competition on trans-Tasman routes, particularly for business travellers”

“The ACCC considers that without the alliance, Virgin Australia’s trans-Tasman operations would be more limited than its key competitors. It also considers that Air New Zealand is likely to be at some competitive disadvantage to the Qantas-Jetstar/Emirates alliance due to its weaker sales presence and more limited access to the domestic market in Australia.”

Although the ACCC considers that the alliance is unlikely to reduce competition on most of the trans-Tasman routes, it is concerned that the alliance may affect competition on the routes between Christchurch-Melbourne and Christchurch-Brisbane; Wellington-Brisbane; Queenstown-Brisbane; Auckland-Gold Coast; and Dunedin-Brisbane.

To address these competition concerns, the ACCC is imposing conditions to require Virgin Australia and Air New Zealand to maintain aggregate base capacity across these routes. Rather than prescribe a minimum growth factor for these routes, the ACCC considers it appropriate to review the airlines’ capacity additions in light of actual demand growth over the next two years. This review will commence on 1 September 2015.

The ACCC is also requiring the airlines to provide key performance data at the end of each scheduling season to assist it in assessing whether the alliance is having any adverse effect on competition going forward.

The ACCC considers it appropriate to grant authorisation for five years, taking into account the airlines’ additional submissions about the need for a five year term to allow for investment certainty and facilitate greater integration of the Alliance partners, thereby realising additional public benefits.

Authorisation provides immunity from court action for conduct that might otherwise raise concerns under the competition provisions of the *Competition and Consumer Act 2010*.

Broadly, the ACCC may grant an authorisation when it is satisfied that the public benefit from the conduct outweighs any public detriment.

Further information, including the application, public submissions and ACCC decision can be found at www.accc.gov.au/AuthorisationsRegister

Media inquiries

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MR 193/13

3 September 2013